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SUBJECT: U.S.-CHINA ECONOMIC AND SECURITY REVIEW
COMMISSION DELEGATION MEETS MFA DDG XIE FENG

Summary

1. (SBU) Chair Carolyn Bartholomew and a United States-China Economic and Security Review Commission delegation used a meeting with MFA North America Deputy Director General Xie Feng to urge China to do more to produce concrete results on key economic issues, to allow American FDA inspectors to travel to China to look into the wheat gluten case, to recognize the growing sense of Taiwan identity, to get North Korea to keep its commitments on the nuclear issue, to persuade Sudan to address international concerns on Darfur and to cooperate on the environment. Xie outlined standard Chinese positions on bilateral issues and stressed that China looks forward to engaging Members of Congress, including Speaker of the House Pelosi, to promote the bilateral relationship. End Summary.

Xie's Overview of Bilateral Relations

2. (SBU) A United States-China Economic and Security Review Commission (USCC) delegation comprising Chair Carolyn Bartholomew, Vice Chair Daniel Blumenthal, Commissioner C. Richard D'Amato, Commissioner Jeffrey Fiedler and Commissioner Larry Wortzel, joined by the Political Minister Counselor, met on April 23 with Ministry of Foreign Affairs (MFA) Department of North American and Oceanian Affairs Deputy Director General Xie Feng. Xie opened with an overview of bilateral relations, saying the two sides have established an excellent framework for the future. President Bush and President Hu are in regular contact, as are other senior leaders in the two governments. Trade volume has increased 100 times since 1979, from approximately USD 2.4 billion to USD 262 billion, although more trade can sometimes mean more friction. Cooperation on international issues including the DPRK, Iran and Sudan, has made the global dimension of the relationship more evident. The two sides still have serious disagreements, especially involving Taiwan and human rights. He urged the United States to stop selling arms to Taiwan and oppose more clearly separatist actions there. Xie recited familiar Chinese positions on human rights, saying the current situation is the best in Chinese history. Chair Bartholomew responded that the United States remains concerned about problems in China involving trade, proliferation and human rights issues including religious freedom, freedom of the press, freedom of association and Tibet.

Strategic Economic Dialogue

13. (SBU) Chair Bartholomew told Xie that for the second round of the Strategic Economic Dialogue (SED) in May, Americans need to see that China is delivering results on its promises. Without progress on key issues Congress may be forced to act. Xie said the SED is supposed to focus on long-term, strategic issues, but China understands that the United States also needs to see concrete results. China is doing its utmost to deal with these concerns. There were concrete results in the first round of the SED, although not as many as the American side may have expected. It is necessary to keep expectations reasonable, Xie said.

China's Consultations with Congress

14. (SBU) Xie stated that China looks forward to engaging Members of Congress, including Speaker of the House Pelosi, to promote the bilateral relationship. Chair Bartholomew welcomed this. She also encouraged China, in the course of its SED-connected consultations with Congress, to seek out the opinions of a wide variety of Members, not just the people China sees as its friends.

Wheat Gluten Case and FDA Visas

15. (SBU) Chair Bartholomew expressed concern about wheat gluten shipped from China that contaminated dog

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and cat food in the United States resulting in the deaths of American dogs and cats. There are reports that the wheat gluten may also have ended up in feed for hogs and therefore potentially in pork products that people in the United States are eating. Inspectors from the United States Food and Drug Administration are reportedly being denied visas to travel to China and inspect the factories from which tainted wheat gluten was allegedly shipped. China should issue the visas immediately, she stressed. Xie said he would look into the matter.

Taiwan

16. (SBU) Vice Chair Blumenthal raised the issue of the political situation on Taiwan. Beijing is incorrect to suggest that the problem is the activities of Chen Shui-bian and some small group of "separatists." In reality, there has been a shift in Taiwan and the people there have developed a sense of Taiwan identity. Any leadership in Taiwan, regardless of party, will have to be accountable to the people and to their sense of Taiwan identity, he said. Xie said that Beijing's view is that roughly a third of the people in Taiwan want independence, another third want the status quo and another third want reunification. He said that the people in Taiwan, including the third that may want independence, often fall victim to a small group of pro-independence radicals. China has noted that some previously ardent pro-independence figures, including former DPP leader Lee Teng-hui, have softened their positions.

17. (SBU) Xie said that Chen Shui-bian has shown that he is a politician with no credibility who will do anything to advance his personal causes, including taking advantage of interest groups in the United States and any lack of communication between

Washington and Beijing. Chen wants to create the impression tat he has the implicit backing of the United Sates which will always come to his rescue, no matter what he does. United States Government officials have made it clear, however, that this in not the actual American policy, Xie stated.

¶18. (SBU) Vice Chair Blumenthal said an increasing number of people in Taiwan do not believe that Beijing's one-country, two-systems policy is a viable option. Xie said that China wants to understand Taiwan better, but that its correspondents have encountered difficulties getting permission from Taiwan authorities to report from Taiwan. Xie asked that the United States encourage Taiwan to be more open.

¶19. (SBU) Vice Chair Blumenthal reminded Xie that the United States has commitments under the Taiwan Relations Act of 1979. Xie said that China has been voicing its opposition to the Taiwan Relations Act since it was first passed and will continue to do so.

North Korea

¶10. (SBU) Vice Chair Blumenthal asked if China considers the DPRK to be in breech of the February 13 agreement reached through the Six-Party Talks and if China will use its leverage to bring North Korea into compliance. Xie stated that the Six-Party Talks process has never been smooth. Although the closure of the DPRK nuclear facilities at Yongbyon has been delayed in connection with the Banco Delta Asia situation, China is working with all sides and hopes the issue will be resolved soon. Xie said that China is a participant in the process, not a judge, so China's focus is on moving things forward in a practical way rather than making abstract determinations about who is keeping their commitments. China wants all parties to take the actions needed to move the process forward.

Anti-Satellite Test

¶11. (SBU) Commissioner Fiedler followed up by asking about China's test of an anti-satellite missile in January, asking why it took the PRC 10 days to respond

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to the United States' inquiries regarding the test. Xie claimed that it took China three days to reply, not 10. He said the issue had to go through China's normal inter-agency clearance process. When Commissioner Wortzel pointed out that such delays in bilateral communication could call into question the closeness of the United States relationship with China, Xie responded by saying that because the test was only scientific and did not represent a change in Chinese policy, the PRC did not think that the test would draw the negative attention that it did. It was only after the international reaction that China began working on a statement. In response to a question regarding President Hu Jintao's prior knowledge of the test, Xie said that the decision to test the system was made by the Chinese Government. Xie said he believes President Hu must have participated in the decision.

Arms Control

¶12. (SBU) Commissioner Fiedler inquired about China's system for arms control, asking if the MFA or the Ministry of National Defense (MND) takes the lead on

the issue. Xie said arms control issues are handled on an interagency basis, with the MFA taking the lead on contact with the international community, the MND handling implementation and the two Ministries consulting with one another. It is not possible to say one is more important than the other, Xie stated.

Sovereignty above the Earth?

¶13. (SBU) Commissioner Wortzel inquired about China's understanding with regards to territorial sovereignty, asking how far above the earth China believes its sovereignty extends. Xie replied that he is not an expert on legal issues and does not know the answer, but he will work through Sun Ang of the Chinese Embassy in Washington to try to provide a response. He said he believes all countries should cooperate on allow overflights of national territory for civil purposes, although military and reconnaissance overflights are a different matter.

Darfur

¶14. (SBU) Chair Bartholomew urged China to do more to influence Sudan on Darfur. Xie replied that China is working on the issue with the Sudanese government. President Hu raised the issue with President Bashir when Bashir came to China for the Forum of China-Africa Cooperation and when Hu visited Sudan. Assistant Foreign Minister Zhai Jun again worked on the Sudanese government when he visited Sudan, urging Khartoum to be flexible and to comply with the UN Security Council. China has seen positive results, such as Sudan's as its acceptance of the second phase of the Annan Proposal.

¶15. (SBU) Chair Bartholomew said there are credible reports that some Sudanese military equipment used in Darfur came from China. Xie said that China is trying to do more, but the situation is complicated and cannot be resolved overnight. The international community believes that the Sudanese government should comply with UN resolutions, but some opposition groups have refused to sign on to the peace agreement, making the government of Sudan less likely to cooperate. The Sudanese government believes that all of the pressure is on them, leading them to distrust in the international process. AFM Zhai Jun visited Darfur during his Sudan trip and reported that the situation he encountered there was different from what many international reports suggest. Chair Bartholomew reminded Xie that the government of Sudan would have been selective in what it allowed Zhai to see.

Environmental Issues

¶16. (SBU) Commissioner D'Amato raised the issue of energy and environment cooperation, noting Premier Wen Jiabao's reported comments in Japan about the need for a post-Kyoto approach to curbing carbon emissions.

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Xie said China is increasingly aware of environmental issues. The eleventh five-year plan calls for reducing the amount of energy needed to produce a unit of GDP by 20 percent by 2010 and to cut emission of major pollutants by 10 percent by 2010. China has a great need for power and an interest in promoting energy conservation. China is looking at increasing its use of natural gas, hydro, solar, wind and nuclear power to replace fossil fuels. Xie pointed out that nuclear power accounts for 70 percent of power needs in France but only two percent in China. He said that

China looks forward to cooperating with the United States and Japan on the purchase of nuclear reactors and with the United States on clean coal projects.

117. (U) The USCC delegation cleared this message.
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